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C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 000969

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SUBJECT: MFA: CHINA SUPPORTS CONSTITUENT ASSEMBLY ELECTION;
WILL CONTINUE TO INTERVENE ON "CORE INTEREST" OF TIBET

REF: 07 KATHMANDU 1740

Classified By: Political Officer Ted Lyng. Reasons 1.4 (b/d).

11. (C) Summary: During his March 2-3 visit to Nepal, Chinese Assistant Foreign Minister He Yafei affirmed China's support for a peaceful Constituent Assembly election in April, MFA India, Nepal, Sri Lanka Division Deputy Director Zhao Lijian told PolOff March 11. Zhao said the Chinese Government acknowledges India's influence in Nepal as inevitable, though China scholars complained that India's interference in the Terai region supports Madhesi aspirations for independence. China also welcomes Nepal's support for China's core interests of Taiwan and Tibet and appreciates Nepalese Government efforts to limit the "anti-Chinese" activities of "overseas Tibetans." China will continue to intervene in cases involving its Tibetan interests. End Summary.

12. (C) Asian Department India, Nepal, Sri Lanka Division Deputy Director Zhao Lijian provided PolOff March 11 a readout of Assistant Foreign Minister He Yafei's March 2-3 visit to Nepal and an overview of China-Nepal relations. Zhao said China values its "very traditional friendship" with Nepal because Nepal is a neighboring country with only one other neighbor, India. China treats Nepal as "an equal partner," Zhao said, and has continued to build its ties to Nepal through high level visits from the Chinese Government, the National People's Congress (NPC), the Chinese People's Political Consultative Conference (CPPCC) and the Communist Party of China. AFM He Yafei's March visit was the seventh round of a bilateral Foreign Ministry meeting mechanism.

Maoists in the Political Mainstream

13. (C) In Nepal, AFM He expressed satisfaction with progress in bringing the Maoists into the political mainstream, Zhao reported. Zhao also confirmed that Chinese Communist Party officials had informally met the Maoists in addition to formal meetings with other parties during visits to Nepal. Commenting on the Maoists' prospects, Chinese Academy of Social Sciences Nepal Scholar Wang Hongwei said he doubts the Maoists would take up arms again, even if they fare poorly in the upcoming Constituent Assembly election, because the Nepalese Government has already paid attention to the social and economic grievances that fed the original insurgency. Separately, Ministry of State Security-affiliated China Institutes of Contemporary International Relations South Asia scholar Hu Shisheng concurred that the Maoists would remain in the mainstream political arena. Noting that China's links to the Maoists are strong, Hu hopes that after the election, the Maoists will "season" themselves for a future governance

role by first staying in the opposition.

Madhesi Agreement

14. (C) Zhao said AFM He also noted positively the February 28 eight-point agreement the interim government had reached with the United Democratic Madhesi Front (UDMF). China hopes the April 10 Constituent Assembly elections will take place without delay or significant problems. While not commenting on the long-term prospects of the agreement to address Madhesi grievances, Zhao said the current interim government has no mandate to deal with the Madhesi issue. He said that the February 28 agreement aimed simply at getting the Madhesi to participate in the election and the government formed after the elections should most appropriately handle this issue. Nepalese Embassy Counselor Nirmal Raj Kafle (protect) hailed the February 28 agreement, commenting that "all the hurdles have been removed" and "the path is clear" for the upcoming Constituent Assembly elections. Kafle said that China has made helpful statements "supporting the political course" in Nepal.

India's influence in the Terai

15. (C) CICIR's Hu said less sanguinely that the recent eight-point agreement is only a tactical move by the UDMF to realize Madhesi aspirations for "genuine autonomy with self-determination." Hu said if parties from the Terai gain significant power in the Constituent Assembly, the Nepalese public fear separatist sentiment will rise. Separately, CASS' Wang agreed that the ultimate goal of the Madhesi

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parties is an independent state. Both Hu and Wang separately condemned what they view as India's inappropriate interference in the Terai, with Hu specifically highlighting the role of India's intelligence agency, the Research and Analysis Wing (reftel), in supporting Madhesi independence activities.

Indian and China share influence in Nepal

16. (C) Recalling the popular expression that "Nepal is a yam between two boulders," Kafle stated the Nepal is pursuing a policy of "equi-balancing" its relationships with India and China, being careful not to hurt the feelings of either of its big neighbors. In a separate meeting, MFA-affiliated China Institute of International Studies South Asia scholar Rong Ying agreed that Nepal must "keep a balance" between China and India, and that "it would be stupid" for China to attempt to contain India's influence in Nepal. Commenting on Nepal's ties to India and China, MFA's Zhao said that "India is always there."

Nepal supports China's "core interests" of Taiwan, Tibet

17. (C) MFA's Zhao said that during AFM He's visit, the Nepalese side reaffirmed its support for China's core interests of Taiwan and Tibet. China welcomes the Nepalese Foreign Ministry statement expressing its opposition to the UN referendum in Taiwan. Zhao noted that Nepal has the second largest population of "overseas Tibetans" and Nepal's support of China's stance on Tibet is "very important" to China. In that context, China welcomed the Nepalese Government's affirmation that it "would never allow Tibetans to use Nepal's territory to engage in anti-Chinese activities." Nepalese Embassy Counselor Kafle told us separately that while the Government of Nepal works with UNHCR on sheltering over 20,000 Tibetan refugees, Nepal realizes the sensitivity of the issue for China and strives to ensure that Tibetans in Nepal "do not undertake activities inconsistent with refugee status."

¶8. (C) China considers Tibetans transiting Nepal to India "illegal emigrants," and encourages the Nepalese Government's efforts to limit the entry of Tibetans into Nepal, Zhao said.

He explained that the Chinese Government intervened with a Nepalese court to prevent registration of the Bhota Welfare Society because China considers Bhota to be simply a new name for the Tibetan Refugee Welfare Office (TRWO), which China pressured the Nepalese government into closing in 2005 because China believes the TWRO served as a vehicle for the Dalai Lama's anti-Chinese activities. China will be involved in individual cases if they affect China's Tibetan interests, Zhao affirmed. For example, he reiterated claims that the Tibetan refugee taken from a refugee center in Kathmandu on February 23 and returned to China was a criminal wanted in China.

¶9. (C) Asked about the October 2006 Nangpa La border shooting, where a Tibetan nun died and over 30 Tibetans (including children) were taken into Chinese custody, Zhao claimed that Tibetans "illegally leaving China" attacked (well-armed) Chinese border police with rocks. In the course of the incident, "an accident happened" and the young Tibetan nun, caught in the middle of the conflict, was injured (by whom Chinese authorities could not confirm) and died before she could receive proper medical attention. Zhao did not clarify the fate of the Tibetans taken into custody.

Trade relations minimal and one-sided

¶10. (C) During AFM He's visit, the two sides also discussed measures to address the uneven bilateral trade relationship, according to Zhao. Chinese exports to Nepal account for over USD 385 million of the USD 400 million total bilateral trade volume. Nepal Embassy Counselor Kafle lamented that Nepal had little to offer China to help redress the trade imbalance but is exploring increased fruit and herbal medicine exports to Tibet and Sichuan province in China.

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